



*Addressograph-Multigraph
Corporation*

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1962 ANNUAL REPORT

Products and Services of the Corporation

Addressograph—Multigraph Corporation manufactures and distributes an extensive line of business machines and supplies.

Included are machines which use an embossed self-writing record or "memory unit" to mechanize the repetitive writing inherent in accounting, statistical, data processing and a wide variety of other clerical operations. These products constitute the Addressograph line.

The Multigraph machine family with appropriate supplies and accessories serves the need for systems paperwork and for duplicating copies of records, forms and promotional material. Multigraph products also serve the specialized needs of the graphic arts industry.

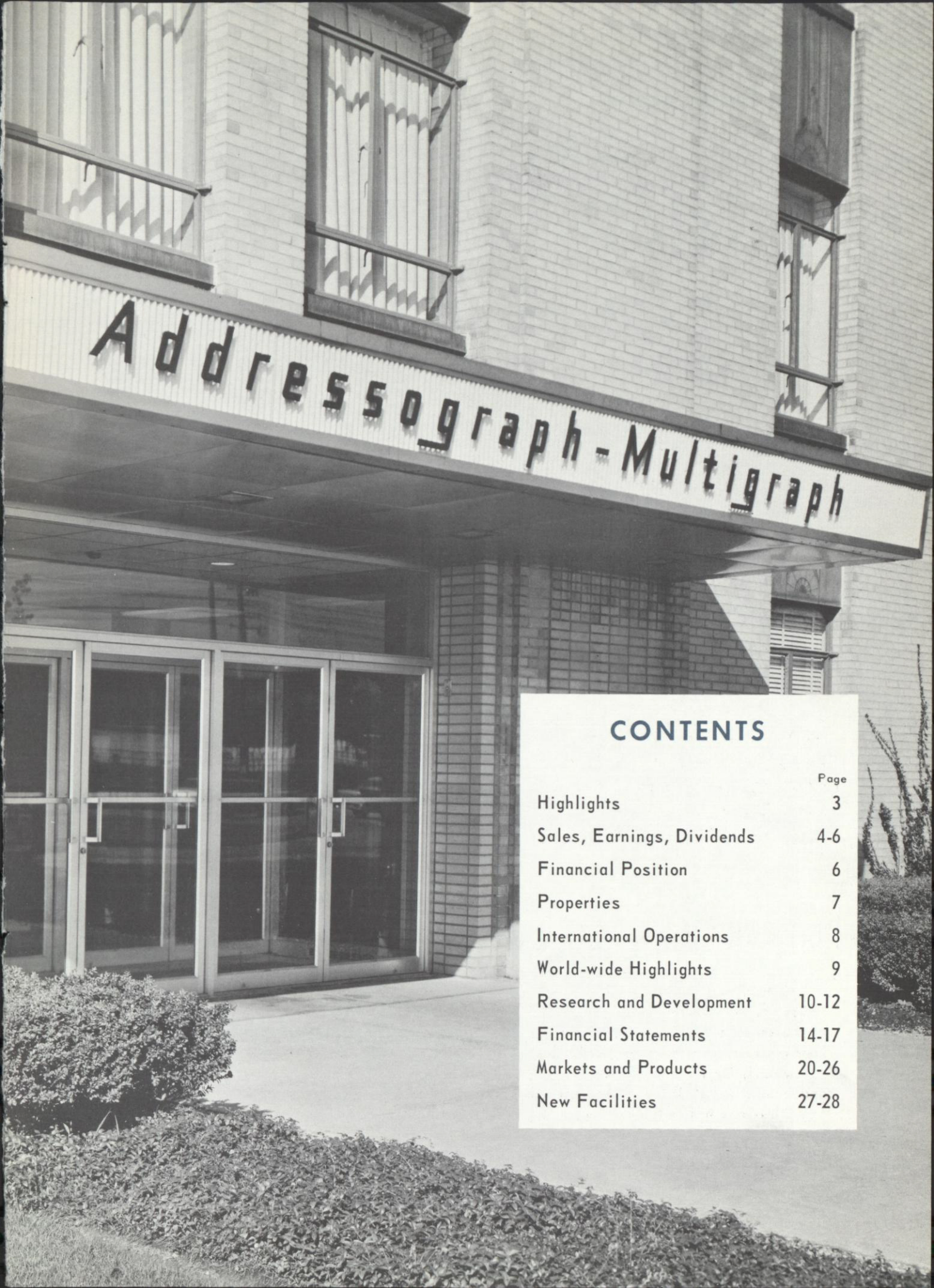
A third important line of company products concerns itself with electronic data processing systems, high-speed printers and transfer printers.

U. S. Subsidiaries of Addressograph—Multigraph Corporation are VariTyper Corporation, whose products include office machines for composing printers' styles of type; The Buckeye Ribbon & Carbon Co., which produces high-quality ribbons and carbon; and The Emeloid Co. Inc., which manufactures a wide variety of specialized plastic products ranging from machine piece parts to customer-carried credit cards.

The 28 pages of this annual report were reproduced entirely on products of the corporation.

Text matter, 10-year tables, financial statements, and cut-lines for illustrations were composed on a VariTyper machine using a Buckeye ribbon. All large type heads and sub-heads were composed on the VariTyper Headliner machine.

The completed type composition together with illustrations were transferred photographically to Multilith masters — and thousands of copies of this report were reproduced from these masters on the Multigraph Multilith Offset Duplicator.



Addressograph-Multigraph

CONTENTS

	Page
Highlights	3
Sales, Earnings, Dividends	4-6
Financial Position	6
Properties	7
International Operations	8
World-wide Highlights	9
Research and Development	10-12
Financial Statements	14-17
Markets and Products	20-26
New Facilities	27-28

BOARD OF DIRECTORS

*FRANK H. WOODS
Chairman

*PHILIP M. AITKEN
Partner, Woods, Aitken and Aitken

*WILLIAM I. AITKEN
Partner, Woods, Aitken and Aitken

RAYMOND Q. ARMINGTON
President, The Triax Company

WALTER K. BAILEY
President, The Warner & Swasey Company

JOHN S. FANGBONER
President, The National City Bank of Cleveland

*Member Executive Committee

JOHN B. RUSSELL
Mfr., Wood Products, Retired

C. EDGAR SMITH
Chairman, Executive Committee, Towmotor Corporation

*BARTON J. STONE
Executive Vice President

*J. BASIL WARD
President

*LEWIS B. WILLIAMS
Foundation Trustee

OFFICERS

J. BASIL WARD
President

BARTON J. STONE
Executive Vice President

BERG L. MEYERS
Vice President, Domestic Marketing

HOWARD J. WARWICK
Vice President, Manufacturing

WILLIAM H. WILSON
Vice President, Domestic Distribution

CLARENCE S. MARGACH
Vice President, Research and Engineering

DONALD C. ADAMS
Vice President and Treasurer

EDMUND F. FRANZ
Vice President, Industrial Relations

†GEORGE D. KASTEN, Controller

GEORGE R. SULLIVAN, Secretary

WILLIAM H. REINER, Assistant Treasurer

General Counsel
WOODS, AITKEN AND AITKEN
1241 N Street
Lincoln 8, Nebraska

Auditors
PRICE WATERHOUSE & CO.
2020 Union Commerce Building
Cleveland 14, Ohio

Capital Structure
COMMON STOCK, \$2.50 PAR VALUE

Listed On
NEW YORK STOCK EXCHANGE
11 Wall Street, New York 5, N.Y.

Transfer Agent
FIRST NATIONAL CITY
TRUST COMPANY
22 William Street, New York 15, N.Y.

Registrar
MORGAN GUARANTY TRUST
COMPANY
140 Broadway, New York 15, N.Y.

†Deceased June 17, 1962.

FINANCIAL HIGHLIGHTS

Years Ended July 31:

	1962	1961
Sales and miscellaneous income	\$174,841,000	\$163,436,000
Net income before taxes	\$ 27,822,000	\$ 26,029,000
Taxes on income	\$ 14,671,000	\$ 13,852,000
Net income	\$ 13,151,000	\$ 12,177,000
Per share	\$2.00	\$1.85
Cash dividends	\$ 5,890,000	\$ 5,759,000
Per share	\$.90	\$.88
Stock dividend	2%	2%

Plant and Equipment:

Expenditures, net	\$ 9,122,000	\$ 5,414,000
Depreciation	\$ 4,242,000	\$ 3,858,000

At End of Year:

Working capital	\$ 61,057,000	\$ 59,129,000
Net plant and equipment	\$ 32,035,000	\$ 27,243,000
Total assets	\$125,278,000	\$114,544,000
Long-term indebtedness	\$ 984,000	\$ 1,273,000
Stockholders' equity	\$ 92,947,000	\$ 85,687,000
Per share	\$14.13	\$13.03
Number of employees: Domestic	10,258	10,500
Worldwide	14,740	14,900
Number of stockholders	11,000	9,600



SERVING BIG BUSINESS—SMALL BUSINESS— ALL BUSINESS FOR 69 YEARS

To the Stockholders:

The progress of Addressograph-Multigraph Corporation continued its forward march in the fiscal year ended July 31, 1962.

World-wide sales exceeded all previous records. Consolidated earnings also reached an all-time high.

In this 69th year of its history, the company is in a sound condition—well equipped to continue its advance in serving the needs for data processing in the broadly diversified markets that the company has developed in all parts of the world.

SALES

Consolidated sales for the year amounted to \$173,873,000, an increase of 7% over the \$162,331,000 reached in 1961, the previous high year.

Sales have more than doubled in the past seven years.

These amounts represent sales of products and services in the company's regular line of business. While A-M products play

an important role in all aspects of government, including the processing of paperwork requirements in missile and space projects, and the military, the company has not undertaken any defense or other specialized government contracts during the ten year period covered by the "Highlights" table on page 5.

EARNINGS

Consolidated net income after taxes amounted to \$13,151,000, compared with \$12,177,000 earned the year before, an increase of 8%. Here again, 1962 exceeded all previous years.

In relation to sales, income before taxes was 16%, and after taxes 7.6%. In 1961 these ratios were 16% and 7.5%.

United States and foreign income taxes amounted to \$14,671,000, or 8.4% of sales, equal to \$2.23 per share. Federal income tax returns have been audited through the 1955 fiscal year.

The devaluation of the Canadian dollar in May 1962 caused a reduction of \$207,000 in earnings for the 1962 fiscal year, approximately 3 cents per share.

HIGHLIGHTS

	NET SALES BILLED	NET INCOME	DIVIDENDS PAID*	EARNINGS RETAINED
1962	\$173,873,000	\$13,151,000	\$5,890,000	\$7,261,000
1961	162,331,000	12,177,000	5,759,000	6,418,000
1960	155,962,000	12,694,000	4,917,000	7,777,000
1959	132,150,000	9,834,000	4,492,000	5,342,000
1958	128,450,000	9,138,000	3,736,000	5,402,000
1957	115,631,000	7,757,000	3,626,000	4,131,000
1956	95,598,000	7,375,000	3,468,000	3,907,000
1955	81,114,000	6,682,000	3,161,000	3,521,000
1954	72,315,000	5,278,000	2,451,000	2,827,000
1953	68,407,000	5,024,000	2,380,000	2,644,000

*Plus stock dividends.

PER SHARE EARNINGS

Net income for 1962 was \$2.00 per share on 6,576,893 shares outstanding at the end of the year. On the same number of shares, net income in 1961 amounted to \$1.85 per share.

DIVIDENDS PAID

In the year 1962, cash dividends of 90 cents per share were distributed, in four quarterly payments of 22-1/2 cents per share. These payments totalled \$5,890,000, an increase of \$131,000 over

DIVIDENDS AND STOCK SPLITS

PER SHARE, FISCAL YEAR PERIODS TO JULY 31

	NUMBER OF SHARES	NET INCOME	EARNINGS RETAINED	DIVIDENDS PAID IN CASH	DIVIDENDS PAID IN STOCK	STOCK SPLITS
1962	6,576,893	\$2.00	\$1.10	\$.90	2%	
1961	6,576,893	1.85	.97	.88	2%	
1960	6,541,703	1.93	1.18	.75	3%	2-for-1
1959	6,541,703	1.50	.81	.69	3%	3-for-1
1958	6,230,193	1.46	.86	.60	3%	
1957	6,230,193	1.25	.66	.59	3%	
1956	6,139,433	1.21	.64	.57	3%	
1955	6,139,433	1.09	.58	.51	3%	
1954	6,139,433	.85	.46	.39	3%	
1953	6,139,433	.81	.43	.38	3%	

the total dividend distribution in 1961.

Total cash dividends paid represented 45% of net income for the year. Over the past 10 years, cash dividends have averaged 44.8% of net income.

The company has a 27 year record of consecutive quarterly cash dividend payments. A 2% stock dividend was distributed in November 1961.

Equity per share has more than doubled in the past 7 years, and now stands at \$14.13.

Working capital of \$61,057,000 at the close of the year compared with \$59,129,000 for the year 1961 is an increase of \$1,928,000. Cash and commercial notes of \$17,828,000 were up substantially from a year ago, notwith-

CURRENT POSITION

	CURRENT ASSETS	CURRENT LIABILITIES	WORKING CAPITAL
1962	\$92,404,000	\$31,347,000	\$61,057,000
1961	86,713,000	27,584,000	59,129,000
1960	82,214,000	28,388,000	53,826,000
1959	73,077,000	23,739,000	49,338,000
1958	59,356,000	22,670,000	36,686,000
1957	52,371,000	20,742,000	31,629,000
1956	48,046,000	19,322,000	28,724,000
1955	44,240,000	15,312,000	28,928,000
1954	39,377,000	13,036,000	26,341,000
1953	38,903,000	13,925,000	24,978,000

On August 27 the directors declared a cash dividend of 25 cents a share, which is an increase of 11% over the previous rate of 22-1/2 cents. The dividend is payable October 10, 1962, to stockholders of record September 13, 1962.

FINANCIAL POSITION

At year end, after payment of cash dividends, earnings retained for use in the business were \$7,261,000. This exceeds the amount of the prior year. Year by year reinvestment of earnings has steadily increased the equity of stockholders.

standing the major expenditures for new plant and equipment made in the fiscal year just ended.

The ratio of current assets to current liabilities was 2.95 to 1.

Equity capital consists of 6,576,893 shares of common stock of \$2.50 par value. Long-term borrowed capital of \$984,000 is approximately 1% of total capitalization. Of this amount \$625,000 is represented by 2-3/4% debentures of the parent company. The corporation continues in a strong financial position to meet its needs for future growth.

APPLICATION OF FUNDS STATEMENT

	FISCAL YEARS ENDED JULY 31		10 YEARS ENDED JULY 31, 1962
	1962	1961	
FUNDS PROVIDED:			
Net income	\$13,151,000	\$12,177,000	\$ 89,110,000
Depreciation and amortization	4,330,000	3,858,000	25,426,000
In exchange for common stock		496,000	11,657,000
Bank loans			5,000,000
Total funds provided	<u>\$17,481,000</u>	<u>\$16,531,000</u>	<u>\$131,193,000</u>
FUNDS APPLIED:			
Cash dividends paid	\$ 5,890,000	\$ 5,759,000	\$ 39,880,000
Net additions to properties	9,122,000	5,414,000	47,720,000
Miscellaneous (net)	541,000	55,000	895,000
Repayment of bank loans			5,000,000
Total funds applied	<u>\$15,553,000</u>	<u>\$11,228,000</u>	<u>\$ 93,495,000</u>
EXCESS:			
Net increase in working capital	<u>\$ 1,928,000</u>	<u>\$ 5,303,000</u>	<u>\$ 37,698,000</u>

The number of stockholders of record continued to grow during the year, from 9,662 to 11,009, or 14% — double the number in 1958.

PROPERTIES

The 42% expansion of the Babbitt Road manufacturing plant in Cleveland has advanced to final stages of completion and should be operative by the end of the calendar year. The automated plating and painting equipment included in this project will contribute importantly to production efficiency. Advance planning indicates that startup expense can be held to a

reasonable level.

The 62% addition to the British subsidiary manufacturing plant and head office at Hemel Hempstead, England, is virtually finished and the greater portion of the new construction is already in use.

Expenditures made in fiscal 1962 for plant and equipment, including the above major projects, totalled \$9,922,000, or \$5,592,000 in excess of depreciation and amortization charged to 1962 operations. After giving effect to plant and equipment retirements of \$800,000, the net additions to properties amounted to \$9,122,000.

STOCKHOLDERS' EQUITY

	ASSETS	LIABILITIES	STOCKHOLDERS' EQUITY	EQUITY PER SHARE	NUMBER OF SHARES
1962	\$125,278,000	\$32,331,000	\$92,947,000	\$14.13	6,576,893
1961	114,544,000	28,857,000	85,687,000	13.03	6,576,893
1960	108,485,000	29,712,000	78,773,000	12.04	6,541,703
1959	96,159,000	25,127,000	71,032,000	10.86	6,541,703
1958	81,447,000	24,315,000	57,132,000	9.17	6,230,193
1957	74,458,000	22,728,000	51,730,000	8.30	6,230,193
1956	66,469,000	21,475,000	44,994,000	7.33	6,139,433
1955	58,684,000	17,697,000	40,987,000	6.68	6,139,433
1954	52,955,000	15,552,000	37,403,000	6.09	6,139,433
1953	51,001,000	16,425,000	34,576,000	5.63	6,139,433

INTERNATIONAL

Growth continued in the company's overseas operations. High levels of economic activity in various countries of the world supported increased selling efforts.

In 1962 the 16 international subsidiary companies produced sales of \$33,819,000 (excluding intercompany foreign sales). This is 7-1/2% more than the \$31,470,000 sold in 1961.

Sales of these international subsidiaries in 1962 represented about 20% of consolidated sales.

Export sales from the U.S. to the company's 78 dealers in other countries of the Free World also showed substantial increases, and are not included in the above figures.

NEW SUBSIDIARIES

In November 1961, the company acquired for cash all of the capital shares of Aktienbolaget Systema of Stockholm, Sweden.

The company has recently announced that it is acquiring ownership of Addressier Maschinen, A.G., in Zurich, Switzerland, effective November 1, 1962—also a cash transaction.

These companies have been A-M distributors in their respective countries for many years, during which time A-M products have won increasing acceptance for automatic data processing in all phases of business and government. Under the management guidance of the parent corporation, we see excellent opportunities for further sales growth in these attractive marketing areas.

WORLDWIDE OPERATIONS

. . . geographic grouping

The consolidated net sales and earnings for the current fiscal year and the consolidated net assets as of July 31, 1962, are grouped separately for the United States and foreign subsidiaries as follows:

RESULTS OF OPERATIONS

(in thousands)

	UNITED STATES	FOREIGN SUBSIDIARIES	WORLDWIDE TOTAL
Net sales	\$140,054	\$33,819*	\$173,873
Other income	<u>836</u>	<u>132</u>	<u>968</u>
	\$140,890	\$33,951	\$174,841
Costs and expenses	<u>117,512</u>	<u>29,507</u>	<u>147,019</u>
Income before taxes	\$ 23,378	\$ 4,444	\$ 27,822
Income taxes	<u>12,273</u>	<u>2,398</u>	<u>14,671</u>
NET INCOME	<u>\$ 11,105</u>	<u>\$ 2,046</u>	<u>\$ 13,151</u>
PER SHARE (6,576,893 shares)	\$ 1.69	\$.31	\$ 2.00

*This total does not include sales to foreign dealers which are included in U. S. Sales.

FINANCIAL POSITION

(in thousands)

	UNITED STATES	FOREIGN SUBSIDIARIES	WORLDWIDE TOTAL
Current assets	\$ 74,008	\$18,396	\$ 92,404
Current liabilities	<u>23,290</u>	<u>8,057</u>	<u>31,347</u>
Working capital	\$ 50,718	\$10,339	\$ 61,057
Properties and other assets	<u>27,128</u>	<u>5,746</u>	<u>32,874</u>
	\$ 77,846	\$16,085	\$ 93,931
Less: Long-term debt	<u>759</u>	<u>225</u>	<u>984</u>
NET ASSETS	<u>\$ 77,087</u>	<u>\$15,860</u>	<u>\$ 92,947</u>
PER SHARE (6,576,893 shares)	\$ 11.72	\$ 2.41	\$ 14.13

RESEARCH & DEVELOPMENT

Research and development programs continue to be targeted on improving present products, as well as developing new products. This planned expansion of the already broad line of Addressograph-Multigraph-VariTyper business machines and supplies is designed to serve both short and long range requirements. The selection and scope of new developments is being directed to the extension of use of machines and supplies which will contribute substantially to future sales growth.

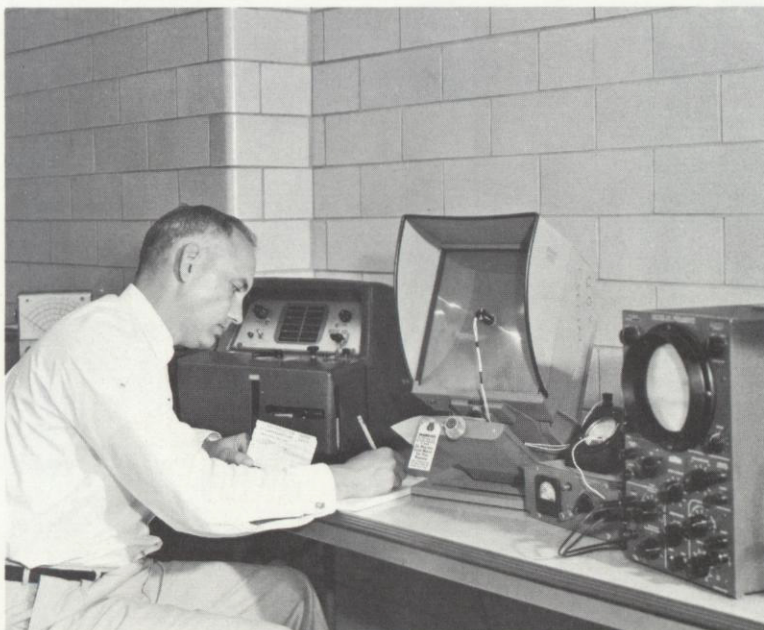
In support of these activities, the build-up of research and development capabilities has continued during the past year. A new Product Research Laboratory has been established, consolidating functions previously housed in separate locations. Expenditures for R & D have again increased, and now represent 6.1% of machine sales.

In addition to research and development work being conducted by A-M, major pro-

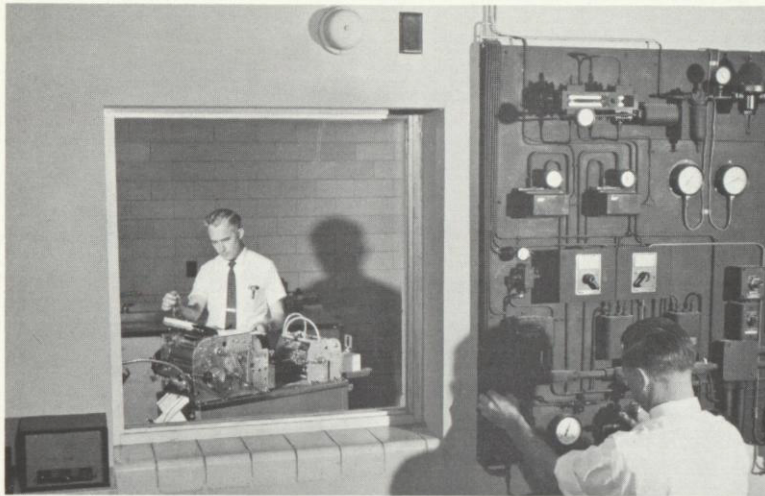
grams are under way in cooperation with other corporations. In these cases, the combined facilities of participating companies are utilized to provide new products which will open new promising markets.

Prime R & D objectives in the field of Addressograph data writing include automating and pre-programming equipment to reduce the need for individual operator decisions. Inter-communication between automatic data collecting and data processing systems eliminates manual transcription of data. In this connection, projects which use common machine language to integrate companion equipment are receiving priority attention.

The selective duplicating and distributing of business records is being speeded by the development of automatic, tandemized Multilith offset duplicating units which heretofore have required separate staffing. When used in conjunction



Print Evaluation tests assure quality input for the A-M Bar Code Reader, Optical Character Recognition or Magnetic Character Recognition systems.



Completely equipped temperature and humidity control room simulates all ranges of climatic conditions for product testing.

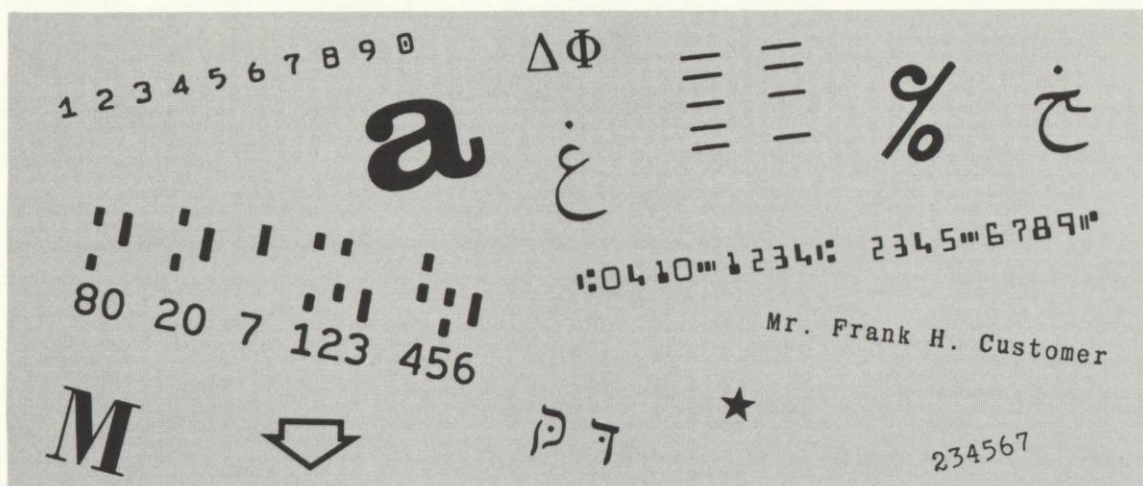
with new supply items, these machines multiply the output of office copiers, computers, and high speed printers, providing multiple copies at a diminishing unit cost.

Another important phase of development work is centered on the design of new styles and sizes of type. In addition to human sensible type faces, many new types have been developed for use in machine sensible languages.

For example, Addressograph, Multi-graph and VariTyper products have been designed to reproduce the exacting E-13B font required for magnetic ink character recognition systems. Optical character recognition type fonts have also been developed which will be compatible with various optical scanning devices now on the market. The Addressograph bar code system which combines a code for each numeral on individual dies and punches,

A new Addressograph Class 9500 Optical Bar Code Reader is checked carefully as it converts imprinted codes to punched card input data.





A-M research and development supplies a large variety of machine and human sensible alphabetic and numeric type faces to meet the constantly changing requirements of automatic data processing and the reproduction of printed communications.

rounds out this line of new machine-sensible type faces—all representing new applications in the preparation of source records for automatic machine processing.

In summary, new features of A-M equipment, developed in the laboratories of the parent company and its subsidiaries, are primarily designed to mechanize and speed the handling of present and future data storage, data collection, data selection, data conversion, and data distribution requirements of business.

SCHOLARSHIP PROGRAM

During the year the A-M Merit Scholarship Program was inaugurated to supplement the company's existing broad support to education. The company will award 2 four-year college scholarships each year to help worthy children of A-M and its subsidiary employees in the U. S., selected by the National Merit Scholarship Corporation. Each scholarship will have a maximum value of \$1,500 a year, or \$6,000 to complete the normal four years of college

study. Actual amounts will be determined by the needs of the student and his family.

We believe it is in the interests of the company, its employees and stockholders, that the growth of individuals as well as our great educational institutions be thus supported.

INDUSTRIAL RELATIONS

March 1, 1962, was the terminal date of the three year agreement with two unions representing the Cleveland factory and the office employees, concerning pension and life insurance. Negotiations on these two programs have been under way for some months. The company made a complete offer on April 13, 1962, which was accepted by one of the bargaining units.

The company also has three year wage agreements with the same unions. These agreements remain in force until June 3, 1963.

At the end of the year, employment by the parent company and its U.S. subsidiaries was 10,258. Employees of international subsidiaries and branches

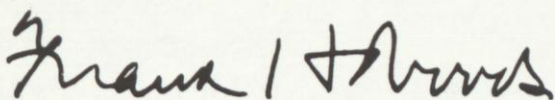
numbered 4,482. This was a total of 14,740 at home and abroad.

Employee compensation and benefit programs are regularly reviewed and adjusted to be among the best in the industry. In international activities, consideration is also given to the extent of government welfare programs in the separate countries. Overall planning is aimed to provide fair compensation as well as assistance to the employee and his family in time of need—including illness, permanent disability and death, and an economically sufficient program for retirement.

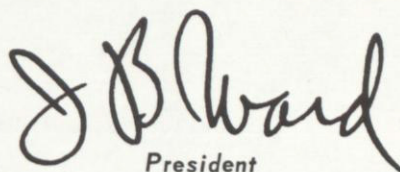
OFFICERS

We report with deep regret the death in June 1962 of George D. Kasten, Controller of the corporation since 1956.

On behalf of the Board,



Chairman of the Board



President

October 12, 1962

ANNUAL MEETING OF STOCKHOLDERS

The annual stockholders meeting of the Corporation will be held at the office of the Corporation, 1200 Babbitt Road, Cleveland, Ohio, on Tuesday, November 13, 1962.

Proxies for the meeting will be requested by the management at a later date. The notice, proxy statement and proxy for the meeting will be mailed on or about October 20, 1962.

Effective September 1, 1962, A. Jay Somers was elected Controller. Previously, he had served as Controller of the Vari-Typer Corporation.

CONCLUSION

The fine performance of the men and women who make up the A-M organization, both here and abroad, has made 1962 another year of accomplishment. To them is expressed the sincere appreciation of the directors and officers.

With our enlarged facilities, our improved product lines, our constantly expanding markets, the elements for a successful year ahead are at hand. We believe it will be another year of opportunity to continue the company's growth to the ultimate advantage of its customers, its personnel and its stockholders.

CONSOLIDATED

balance sheet

JULY 31, 1962

ASSETS

	1962	1961
Current assets:		
Cash	\$ 13,848,771	\$ 13,108,602
Time deposit and commercial notes	3,979,513	
Accounts receivable, less allowance for doubtful accounts - \$791,670	34,131,820	33,250,805
Inventories (Note)	39,527,846	39,546,662
Prepaid insurance, etc.	916,167	807,015
	<u>\$ 92,404,117</u>	<u>\$ 86,713,084</u>
 Plant and equipment, at cost:		
Buildings, machinery, equipment, rental machines, etc.	\$ 60,422,385	\$ 52,579,188
Less-Depreciation	29,212,240	26,132,804
	<u>\$ 31,210,145</u>	<u>\$ 26,446,384</u>
Leasehold improvements, less amortization	321,569	297,511
Land	503,299	499,149
	<u>\$ 32,035,013</u>	<u>\$ 27,243,044</u>
 Patents, trademarks, goodwill, etc.	1	1
 Deferred charges and other assets	839,104	587,610
	<u>\$125,278,235</u>	<u>\$114,543,739</u>

ADDRESSOGRAPH-MULTIGRAPH CORPORATION AND SUBSIDIARY COMPANIES

LIABILITIES

	1962	1961
Current liabilities:		
Accounts payable	\$ 8,235,151	\$ 5,846,358
Supply, service and rental contract obligations, less applicable federal income taxes	5,884,740	5,475,457
Accrued taxes, commissions, payroll and other expenses, etc.	5,794,473	4,638,874
Income taxes—U. S. and foreign	11,147,082	11,332,766
Long-term debt due within one year	286,003	290,806
	<u>\$ 31,347,449</u>	<u>\$ 27,584,261</u>
Twenty-year 2¾% sinking fund debentures, due \$125,000 semi-annually to January 1, 1966	\$ 625,000	\$ 875,000
Long-term debt—foreign subsidiaries, etc.	358,621	397,934
	<u>\$ 983,621</u>	<u>\$ 1,272,934</u>
Capital stock and surplus:		
Common stock (par value \$2.50)		
Authorized — 10,000,000 shares		
	1962	1961
Issued	6,615,293	6,486,334 shares
In treasury	38,400	38,400 shares
	<u>6,576,893</u>	<u>6,447,934</u>
	\$ 16,442,232	\$ 16,119,835
Capital surplus, per accompanying statement	55,147,137	43,476,347
Earned surplus, per accompanying statement	21,357,796	26,090,362
	<u>\$ 92,947,165</u>	<u>\$ 85,686,544</u>
	<u>\$125,278,235</u>	<u>\$114,543,739</u>

CONSOLIDATED

statement of income and earned surplus

FOR THE YEAR ENDED JULY 31, 1962

	1962	1961
Sales and miscellaneous income:		
Net sales, service billings and rentals	\$173,872,726	\$162,331,270
Interest, discount and other income	967,985	1,105,020
	<u>\$174,840,711</u>	<u>\$163,436,290</u>
Costs and expenses:		
Cost of products sold	\$ 76,648,243	\$ 71,053,696
Research, development and engineering expenses	4,565,694	4,368,704
Depreciation	4,242,005	3,857,985
Branch expenses, commissions and discounts	43,032,861	40,753,830
Other selling, advertising, general and administrative expenses (including 1962 Canadian exchange loss)	18,413,085	17,278,134
Interest	116,661	94,787
	<u>\$147,018,549</u>	<u>\$137,407,136</u>
Income before income taxes	<u>\$ 27,822,162</u>	<u>\$ 26,029,154</u>
Provision for income taxes:		
United States	\$ 12,273,300	\$ 11,453,362
Foreign	2,397,979	2,399,179
	<u>\$ 14,671,279</u>	<u>\$ 13,852,541</u>
Net income	<u>\$ 13,150,883</u>	<u>\$ 12,176,613</u>
Earned surplus at beginning of year	26,090,362	27,861,267
The Emeloid Co., Inc. earned surplus as at July 31, 1960 – net amount after pooling adjustments		410,299
	<u>\$ 39,241,245</u>	<u>\$ 40,448,179</u>
Dividends paid:		
Cash—\$.90 for 1962 and 1961	\$ 5,890,262	\$ 5,759,387
Stock—2% for 1962 and 1961	11,993,187	8,598,430
	<u>\$ 17,883,449</u>	<u>\$ 14,357,817</u>
Earned surplus at end of year	<u><u>\$ 21,357,796</u></u>	<u><u>\$ 26,090,362</u></u>

CONSOLIDATED

statement of capital surplus

FOR THE YEAR ENDED JULY 31, 1962

Capital surplus at beginning of year	\$43,476,347
Add:	
Excess of approximate per share market value (\$90.50) over par value (\$2.50) of 128,959 common shares issued as a 2% stock dividend November 3, 1961	11,670,790
Capital surplus at end of year	<u>\$55,147,137</u>

NOTE TO CONSOLIDATED FINANCIAL STATEMENTS

Inventories, priced at the lower of cost or market, were made up as follows:

	1962	1961
Raw materials and supplies	\$ 2,905,331	\$ 3,133,415
Work in process	3,992,007	3,893,874
Finished parts, machines, and supplies	<u>33,498,295</u>	<u>33,393,056</u>
	\$40,395,633	\$40,420,345
Less—Allowance	<u>867,787</u>	<u>873,683</u>
	<u>\$39,527,846</u>	<u>\$39,546,662</u>

OPINION OF INDEPENDENT ACCOUNTANTS

*To the Stockholders and the Board of Directors,
Addressograph—Multigraph Corporation*

In our opinion, the accompanying balance sheet and statements of income and surplus present fairly the consolidated financial position of Addressograph—Multigraph Corporation and its domestic and foreign subsidiary companies at July 31, 1962 and the consolidated results of their operations for the fiscal year then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of those financial statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

*Cleveland, Ohio
September 28, 1962*



Every field sales representative who has produced 100% or more of his yearly sales quota is invited to attend the annual 100 Club Meeting held at a central point in the United States. New products, new methods and new selling tools are presented to this distinguished group.

EDUCATION . . . TRAINING

ONE OF OUR MOST IMPORTANT ASSETS

Detailed knowledge of markets, applications and products is a prime requisite in the distribution of A-M equipment. From the day he joins the Company the A-M representative begins a program of education and training which will continue throughout his entire career in the business.

Starting with a series of lessons administered by the local Branch Sales Managers, successful trainees receive further instruction at Home Office Schools.

Both Basic and Advanced courses are conducted on a regular schedule. This foundation of knowledge is built upon

continually by regular weekly training sessions conducted at all Branches.

Regional Meetings and Seminars are an important part of the overall program and do much to further individual progress through a helpful exchange of information.

With our broad and expanding line of products, service training is likewise designed to be an integral part of each service representative's business life. Training provided by instructors of long experience helps each man develop the knowledge, skill and attitude to give real meaning to our business creed . . . "Every User a Satisfied Customer . . . Forever".

Learn More, Earn More . . .



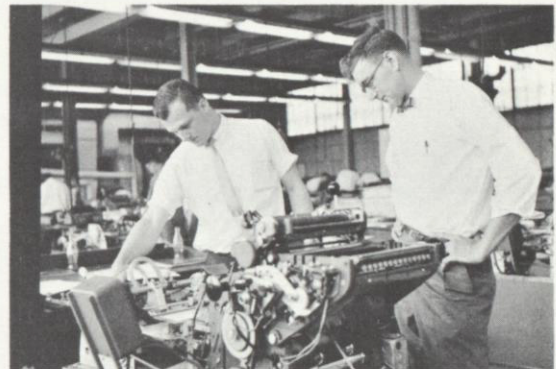
Branch Sales Managers and Salesmen within a regional area meet periodically to exchange ideas and experiences. Information and material pertaining to new methods, products and promotions are presented and discussed.



Seminars and specialized schools are conducted for A-M representatives working with highly technical markets such as financial, automotive, petroleum, government, rubber, insurance, etc. Presentations covering applications and educational material common to each industry are prepared for these meetings by Market Development specialists working in these markets.



A-M sales trainees, at a basic training school at the Home Office in Cleveland, learn the fundamentals of A-M salesmanship as well as the application of A-M methods to the needs of business. They learn of our markets and the many ways our products serve these markets.



Every A-M serviceman is given months of specialized training in a Home Office Service School under expert full-time instructors. After initial training he is informed of all design changes and improved procedures through periodic bulletins and required to pass tests on this material.



Information on the latest products, expert counsel on specialized applications and advanced salesmanship techniques are given to senior salesmen in continuing schools conducted at the Home Office.

Knowledge Lights the Way

HOW A-M SERVES ITS MARKETS

A-M's current product line consists of over 150 machines designed to speed and automate business paperwork and business data processing. The equipment ranges from small inexpensive data recorders for quickly and accurately recording information at its source—through a broad line of moderately priced data writing, accounting and duplicating machines—to large scale magnetic tape Electronic Data Processing systems capable of performing all general business data processing functions.

The increasing use of EDP systems by larger businesses and government agencies has created many new markets for A-M machines and methods, while in some established markets, important additional uses have been developed for A-M equipment which have increased present sales and expanded the total market potential for these products.

Rather than decrease the number of paper documents within a business, EDP techniques have tended to increase the total volume of paperwork and to place a premium on the speed and accuracy with which paper documents are prepared.

Centralization of data processing in itself creates the need for more efficient means of completely and accurately recording information at decentralized departmental levels within the business for ultimate computer input. Further, the inherent ability of Electronic Data Processing systems to generate management control data rapidly, usually results in the creation of many reports which were not previously obtained under old manual systems. Thus the need for Addressograph and Multigraph low-cost high quality repetitive writing and duplicating machines has increased proportionately.



Representative products of the Corporation are available for inspection and demonstration to individuals and groups who visit the Home Office in Cleveland.

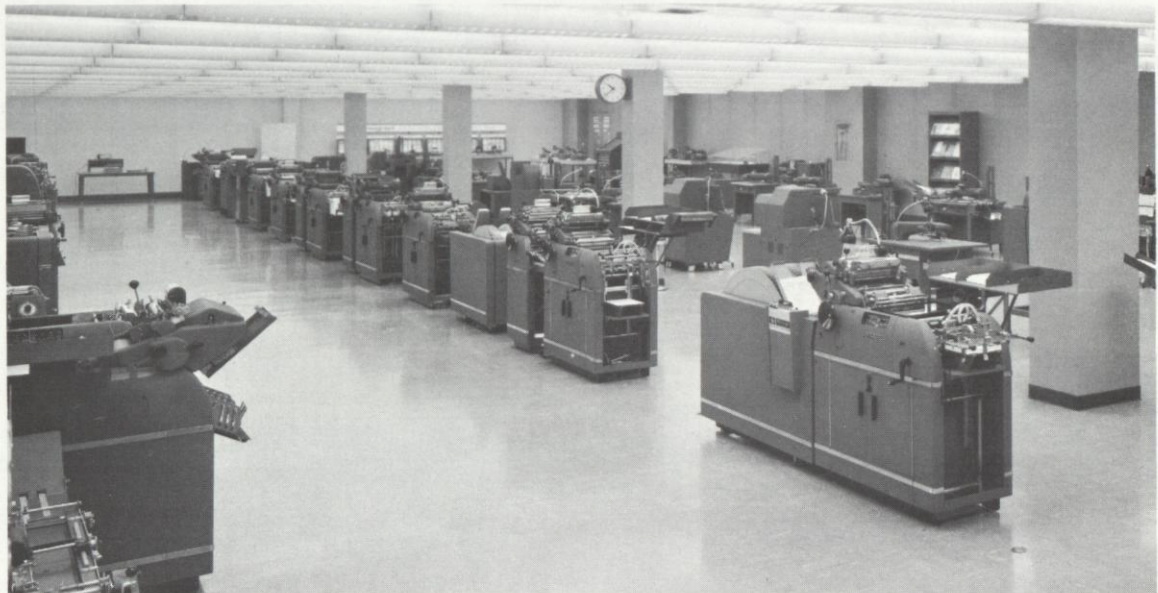
Many business data processing jobs in industry and government are performed in their entirety by Addressograph machines and systems. Often the machines are employed to accomplish certain specialized data processing functions. Their unique ability to write descriptive information efficiently also justifies their use with accounting machines and computers.

Large and small businesses today are faced with serious problems of rising costs. They are actively searching for methods of cutting operating expenses and obtaining timely management control information. The same incentives which have led large businesses to alleviate these problems through the use of computers, have caused medium size and small companies to mechanize office operations previously done manually.

The markets for Addressograph products are greater today than ever before.

They offer the means of mechanizing at reasonable cost levels, alone or in combination with other business machines. Addressograph systems have the unique ability to store business information on compactly filed and quickly located metal and plastic master records. Needed records can be located visually or by automatic record selection devices incorporated in the machines. Data contained in the records can be automatically written in whole or in part by Addressograph machines at great speed and with 100% accuracy. Machines and records can be placed in the decentralized work-centers—"a machine on the job where the job is being done"—or in departments of larger companies, or at centralized locations in small businesses.

Addressograph now as in the past, provides an efficient means of performing the repetitive writing functions found in every business and government activity. New markets and uses for proven Addresso-



Another view of the Home Office Demonstration Room.

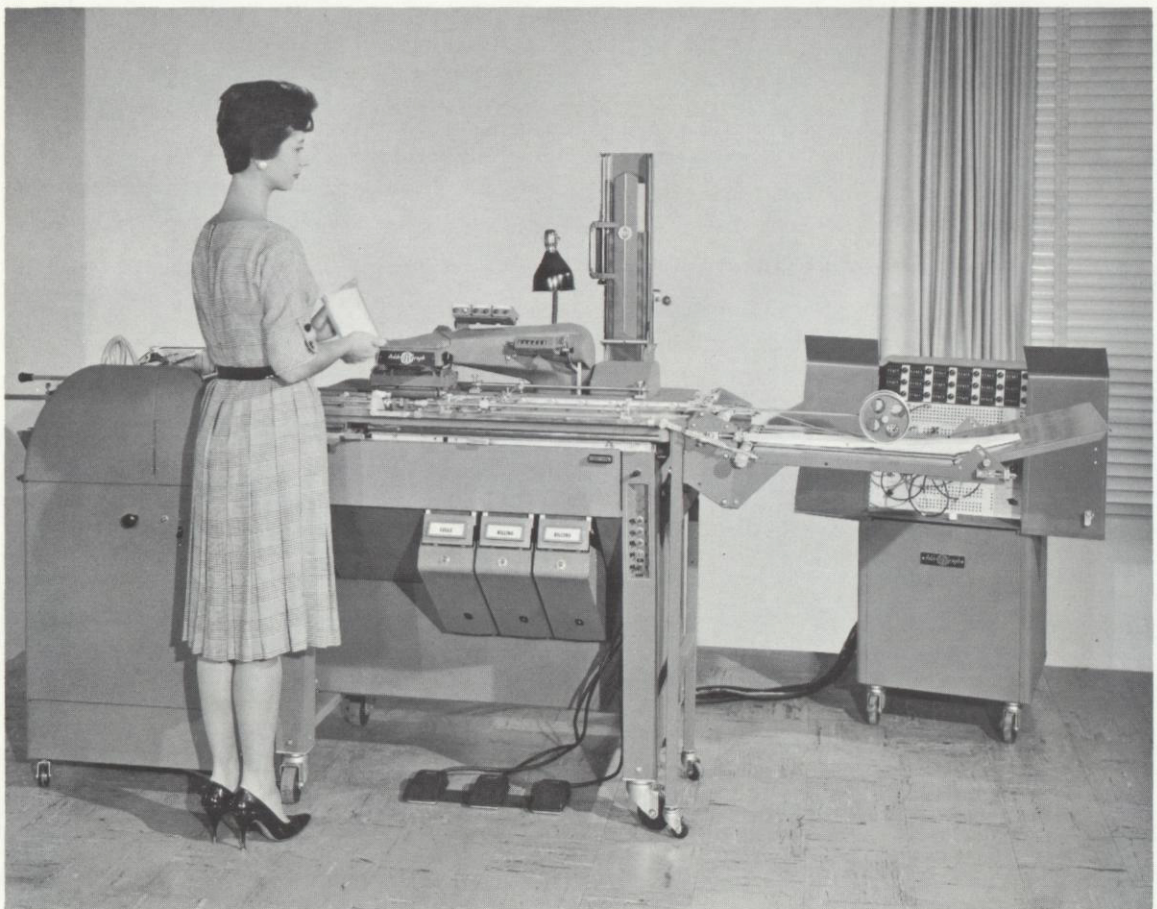
graph information storage and repetitive writing techniques are developing at an ever increasing rate.

Typical examples of new Addressograph uses are found in the retail and manufacturing fields. Traditionally, Addressograph equipment has been employed in retailing to head customer statements, and in manufacturing to process personnel and payroll records. These so-called "output" records are usually required at weekly to monthly intervals.

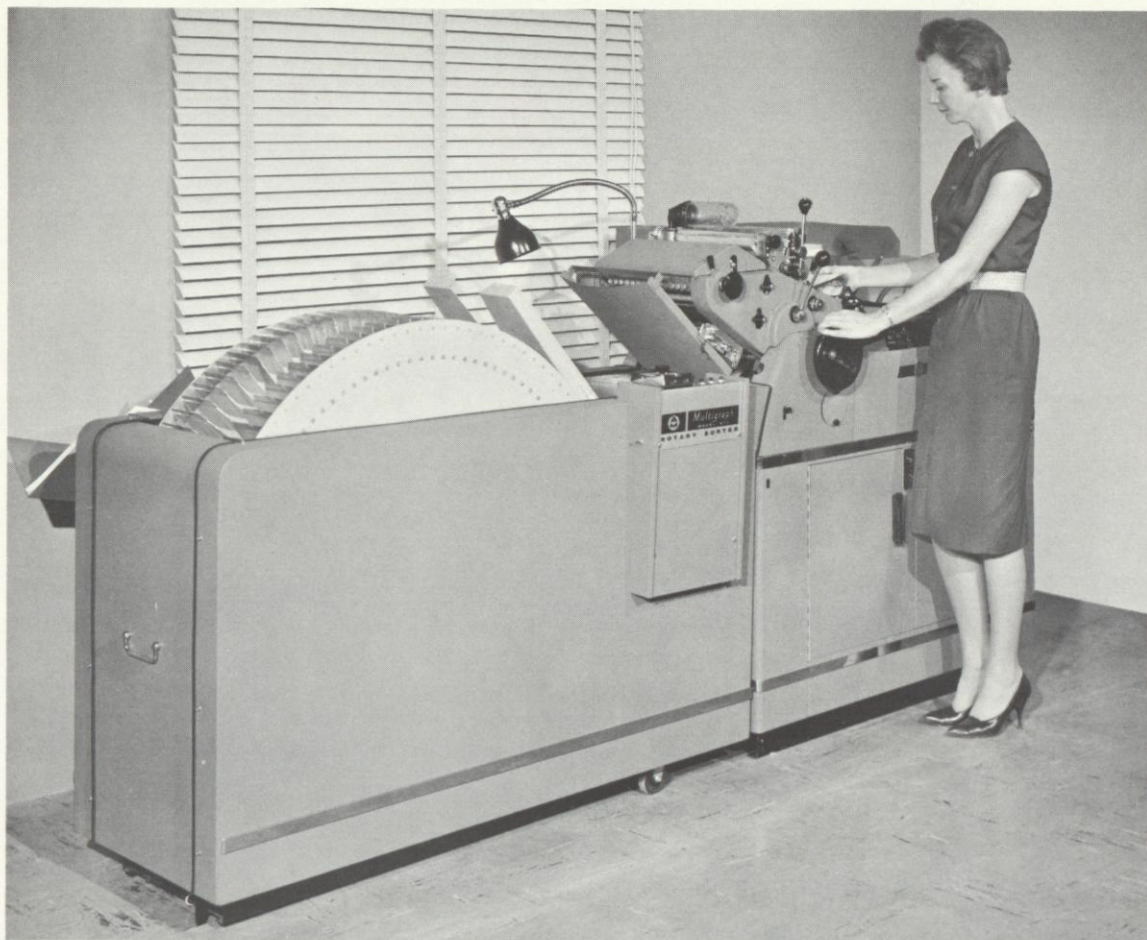
Where EDP systems are used in these same markets, there is a critical need for

complete, legible and accurate input information pertaining to each retail customer purchase and to each job order scheduled through a manufacturing plant. Addressograph methods fulfill this requirement ideally, and Addressograph self-writing records are gaining wide acceptance as the best media for storing and reproducing information used as EDP input. Information capable of being read optically, mechanically and magnetically can be reproduced along with human sensible data.

The significance of this trend is that the total volume of input documents in these businesses far exceeds the quantity



Among many new Addressograph models is this machine that will write up to 1000 lines of data per minute and automatically select and record information from as high as 190 primary classifications. As a by-product it will also register up to 19 independent statistical totals.



This new Multigraph development eliminates time-consuming manual sorting of copy as it comes out of the duplicator. Copy is automatically sorted by a self-powered 100-pocket unit. The sorter can be attached or detached in less than a minute.

of output documents produced. A single accounts receivable statement summarizes a larger number of customer purchase transactions, and periodic payroll reports are compiled from a series of job records—sometimes several per employee per day. Use of Addressograph methods to prepare originating source records has increased the need for Addressograph machines and supplies.

As business and government paperwork and data processing requirements grow and become more mechanized, the inherent advantages of Addressograph products and

methods provide the additional controls and lower costs so necessary to efficient operation.

Major products in the Multigraph line consist of offset and relief process duplicators and a wide range of paper handling and paper processing devices such as collators, sorters, cutters, perforators and conveyors, all of which contribute to the automation of paperwork.

There are specialized models designed to produce large quantities of various business documents and reports directly on blank paper rather than on business

forms. The actual business form is combined with variable data on a single master eliminating the necessity of storing large quantities of printed forms.

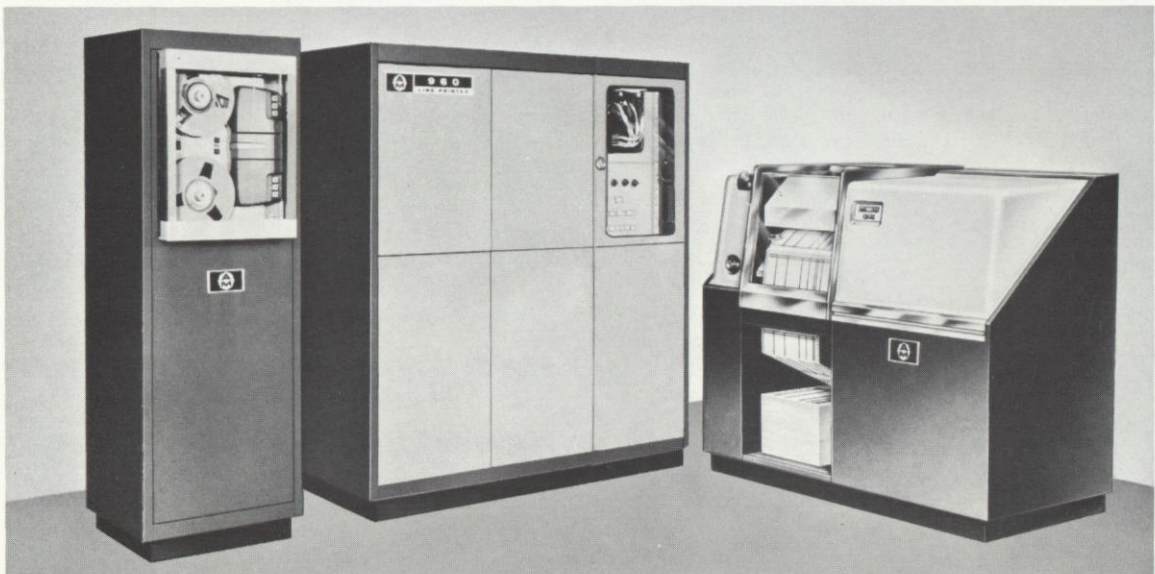
Multilith paper masters in cut sheets, unit sets or continuous forms can be employed to store information pertaining to business transactions. These masters can then be used to produce each of the various forms—even those of different sizes and contents—required to document a transaction. A single original writing—either with pen, pencil, typewriter or accounting machine—is all that is required. Data can be added, deleted or substituted, reproduced as needed and new masters created from any part of the original.

Another factor which has contributed materially to Multigraph sales is the widespread use of office copying machines. These machines, employing photographic, electrostatic or other processes can quickly reproduce one or two copies of practically any kind of business document. However, where more than a very few

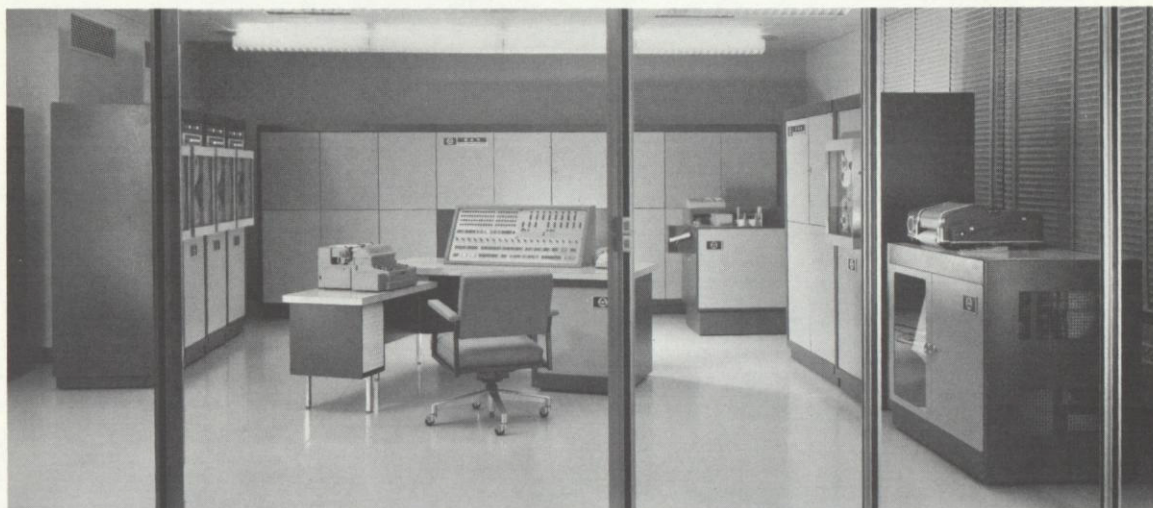
copies are required, these machines prove to be slow and costly. Now on the market is a variety of Multigraph paper masters capable of being imaged by various office copying processes. This compatibility has resulted in the widespread use of Multigraph machines alongside office copiers, thereby providing users with the most inexpensive and efficient means of producing multiple copies as required.

The advent of electronic data processing has greatly increased the need for Multigraph Machines and Methods. Output of printed documents has been one of the principal bottlenecks of such systems because only a few copies at a time can be produced. Consequently, hourly costs of producing large volumes of paperwork are extremely high. Multigraph Machines are now the accepted standard for taking the production of data processing systems and multiplying it as many times as necessary without slowing down any part of the data processing system.

There are additional models for general duplicating of business letters, bulletins,



A-M Magnetic Tape to Printer System — Model 960-132



A-M Data Center

price lists, accounting reports, engineering drawings, etc., and models for the reproduction of forms, advertising literature, house organs and so on, in one or more colors.

Because of their economy of operation and high quality of results produced, Multigraph Duplicators enjoy wide acceptance in the Graphic Arts Field.

Like Addressograph, Multigraph has many small low-cost units that can be economically placed in departments of large concerns for paperwork that can be done better at this level than in a large centralized location.

An important segment of A-M annual volume results from the repeat sales of supplies necessary to the operation of A-M equipment. Complete lines of operating supplies are marketed through the respective division distribution organizations.

The Series 900 Electronic Data Processing Equipment and Systems have achieved encouraging acceptance. The complete range of File Processor, Magnetic Tape Units, Punched Card Reader,

Punched Paper Tape Readers and Punches as well as Magnetic Tape to Printer Systems have met established acceptability standards for both commercial and military business-oriented application.

A-M Data Center operations have been established at the Home Office. This Data Center provides system services to customers and prospects in the areas of feasibility testing, program testing, pilot operation of customer systems, personnel training, equipment support for users and a complete range of services which may be performed by the system on a contract basis.

Domestic Subsidiaries—VariTyper Corporation, The Emeloid Co., Inc., and Buckeye Ribbon & Carbon Co.—all contribute to the versatility of A-M's complete product line.

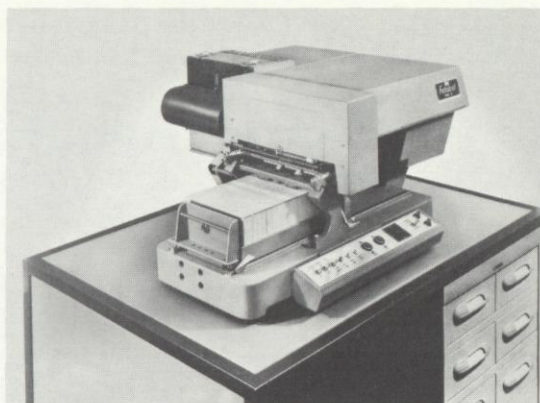
VariTyper's wide range of office composing machines is designed to furnish low-cost type composition for the preparation of offset printed material. The keyboard operated unit, similar to a typewriter, and available in several models,

is an office composing machine capable of preparing copy in a wide variety of type faces. It is used extensively in the composition of forms, catalogs, bulletins, house organs and similar material.

Other major products in the VariType[®] line include the Headliner series of dial-operated photo composing units and FotoList, a complete system for automatic photographic composition from sortable sequence cards.

The Emeloid Co., Inc. manufactures and distributes a wide variety of highly specialized plastic products. Probably the best known is the familiar plastic credit card, millions of which are used daily in A-M Data Recorders in department stores, shops, hotels, restaurants and service stations the world over.

With complete facilities for injection molding, vacuum forming, die forming, die cutting, laminating, heat stamping and printing, Emeloid produces such diverse items as dials, instruments, advertising



Model 90 FotoList

specialities, control panels, machine parts and many other products.

The Buckeye Ribbon & Carbon Co. produces a complete line of high-quality ribbons and carbons. Many of these are used in the operation of A-M machines and are marketed through the parent organization distribution facilities. Other Buckeye products designed for use on practically all types of business machines are distributed either directly or through dealers.



As part of A-M's overall marketing program, products were exhibited and demonstrated in over 200 national and local trade shows last year.

NEW FACILITIES

A—M sales and service facilities are established in 163 market areas throughout the United States. The following illustrations are representative of new offices completed during the fiscal period.



A—M Branch Office Building, Detroit, Michigan. These gleaming new quarters, containing over 30,000 square feet of floor space, were completed and occupied in the latter part of 1961. Detroit Addressograph, Multigraph and VariTyper sales and service facilities are designed to match the growth of this major market for the distribution of A—M products.



Raleigh, North Carolina, A—M Branch Office facilities were also completed this year, and are representative of a continuing program to provide modern quarters in all market areas.



The new A-M Columbus, Ohio, Branch Office is located outside the downtown area for easier customer access and better parking facilities. Its 10,000 sq. feet of floor space represents a 25% increase over the old quarters.



A-M Branch, Long Island, New York. Another expanded field facility completed this fiscal year.

A modern ceramic tile front is the feature of the new A-M Lexington, Kentucky Branch Office, completed in January, 1962. It occupies 4,000 sq. feet of office and demonstration floor space all on one floor.





A LEADER THROUGHOUT THE WORLD

SUBSIDIARIES

AUSTRALIA	Addressograph-Multigraph of Australia Pty. Ltd.	Melbourne
AUSTRIA	Addressograph-Multigraph Gesellschaft m.b.H.	Vienna
BELGIUM	Addressograph-Multigraph (Belgium) S. A.	Brussels
BRAZIL	Addressograph-Multigraph do Brasil S. A.	Rio de Janeiro
CANADA	Addressograph-Multigraph of Canada, Limited VariTyper Corporation of Canada, Ltd.	Toronto, Ontario Toronto, Ontario
DENMARK	Addressograph-Multigraph A/S	Copenhagen
FRANCE	Addressograph-Multigraph S. A.	Paris
GERMANY	Addressograph-Multigraph G.m.b.H.	Frankfurt/Main
GREAT BRITAIN	Addressograph-Multigraph Limited VariTyper Limited	Hemel Hempstead London
JAPAN	Addressograph-Multigraph of Japan, Ltd.	Tokyo
MEXICO	Addressograph-Multigraph de Mexico, S.A. de C.V.	Mexico City
NETHERLANDS	Addressograph-Multigraph (Nederland) N. V.	The Hague
SOUTH AFRICA	Addressograph-Multigraph (Pty.) Ltd. of So. Africa	Cape Town
SWEDEN	A. B. Systema	Stockholm
UNITED STATES	The Buckeye Ribbon & Carbon Co. Buckeye Holmesville Mfg. Co. The Emeloid Co., Inc. VariTyper Corporation	Cleveland, Ohio Holmesville, Ohio Hillside, N.J. Newark, N.J.

INTERNATIONAL BRANCHES

ALASKA	Addressograph-Multigraph Corporation	Anchorage
ARGENTINA	Addressograph-Multigraph Corporation	Buenos Aires
HAWAII	Addressograph-Multigraph Corporation	Honolulu
PUERTO RICO	Addressograph-Multigraph Corporation	Santurce

SUPPLY DIVISION LOCATIONS

TETERBORO, NEW JERSEY

CHICAGO, ILLINOIS

OAKLAND, CALIFORNIA

PLANT LOCATIONS

CLEVELAND, OHIO	HOLMESVILLE, OHIO	HEMEL HEMPSTEAD, ENGLAND
NEWARK, NEW JERSEY	LINDEN, NEW JERSEY	PARIS, FRANCE
TETERBORO, NEW JERSEY	PALISADES PARK, N.J.	FRANKFURT/MAIN, GERMANY
TORONTO, ONTARIO	HILLSIDE, N.J.	RIO de JANEIRO, BRAZIL

**"EVERY
USER
A
SATISFIED
CUSTOMER...
FOREVER"**